

LAKE COUNTY ECONOMIC FORECAST

Lake County is located in Northern California, approximately 100 miles north of San Francisco. The name of the county is derived from Clear Lake, the largest natural freshwater lake in the state and a prominent recreation destination. Lake County has a population of 64,000 people and a total of 15,000 wage and salary jobs. The per capita income in Lake County is \$37,347 and the average salary per worker is \$42,464.

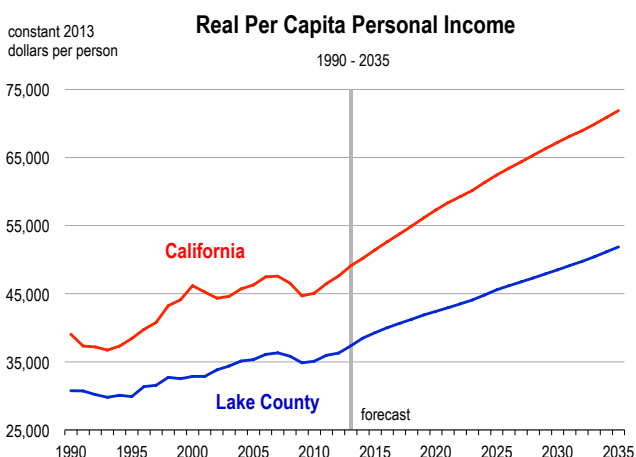
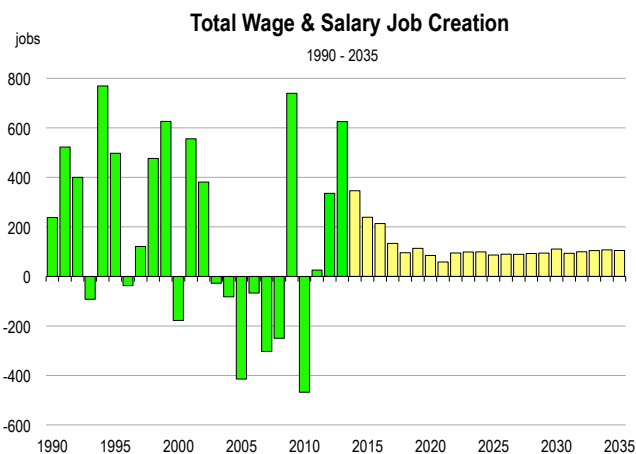
In 2013, total wage and salary employment increased by 630 jobs in Lake County. This represents a growth rate of 4.3 percent – one of the fastest rates in the state. Non-farm employment grew by 4.9 percent, while farm employment declined by 2.7 percent. The unemployment rate, while still very high, improved substantially, falling from 14.2 percent in 2012 to 11.9 percent in 2013.

Over the past year, the largest employment gains were observed in education and healthcare (+660 jobs). Several additional industries were characterized by moderate growth, including wholesale and retail trade (+100 jobs) and government (+50 jobs). The largest losses were observed in leisure and hospitality (-100 jobs), "miscellaneous services" (-60 jobs), and agriculture (-30 jobs).

Between 2008 and 2013, population growth was virtually flat in Lake County, with an annual increase of only 15 residents. Over this time frame, net migration was positive, while the natural increase was negative (deaths outnumbered births).

FORECAST HIGHLIGHTS

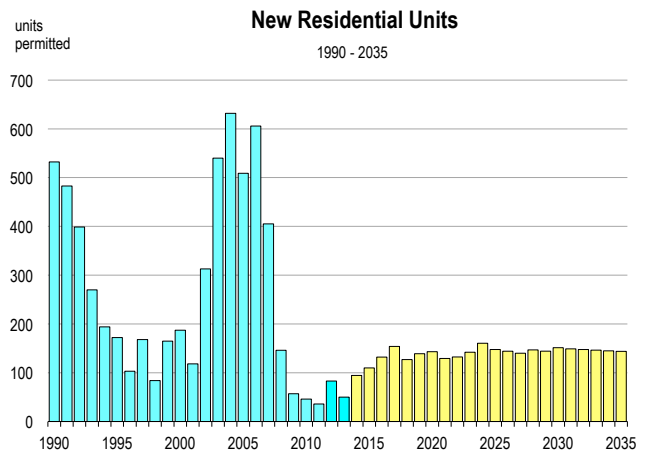
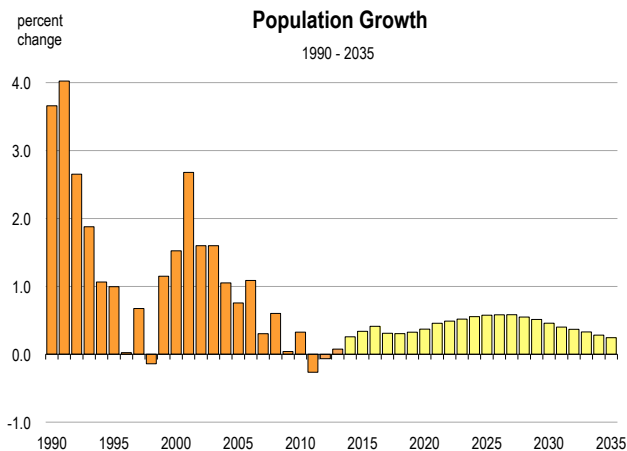
- Total wage and salary job growth is projected to be 2.3 percent in 2014. Over the 2014-2019 period, growth will average 1.0 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Lake County, inflation-adjusted salaries are expected to rise by an average of 1.8 percent per year from 2014 to 2019.
- Between 2014 and 2019, the momentum for employment growth will be in leisure and hospitality, education and healthcare, professional services, and government. Together, these industries will account for 73 percent of net job creation in the county.
- Annual population growth in the 2014-2019 period is expected to average 0.3 percent per year.
- Net migration will be moderate over the next five years, with an average of 240 net in-migrants each year. Net migration will be responsible for all employment growth, as the county will continue to experience a natural decrease.
- Real per capita income is forecasted to increase by 3.0 percent in 2014. From 2014 to 2019, real per capita income is expected to increase by an average of 1.7 percent per year.
- Between 2014 and 2019, total taxable sales, adjusted for inflation, will rise by 1.6 percent per year.
- Industrial production is expected to rise by 3.8 percent per year from 2014 to 2019. Over the same period, total crop production is expected to increase by an average of 1.7 percent per year. The principal crop in the county is the wine grape.



Lake County Economic Forecast

2006-2013 History, 2014-2040 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	63,792	759	87.1	25.2	606	\$0.57	\$1.96	\$36,074	3.2	77.4	153.4	7.7
2007	63,986	235	85.5	25.8	405	\$0.57	\$2.05	\$36,310	3.4	81.5	149.5	8.4
2008	64,370	458	85.1	26.3	146	\$0.57	\$2.09	\$35,825	2.9	67.4	152.7	10.6
2009	64,396	113	84.9	26.4	57	\$0.46	\$2.06	\$34,859	0.8	71.1	140.2	15.3
2010	64,606	307	85.0	26.5	46	\$0.46	\$2.10	\$35,100	1.3	69.3	140.4	17.0
2011	64,436	-126	84.4	26.6	36	\$0.51	\$2.21	\$35,942	2.7	70.1	145.2	16.1
2012	64,394	69	82.6	26.7	83	\$0.53	\$2.29	\$36,294	2.7	86.8	153.2	14.2
2013	64,443	149	84.9	26.7	50	\$0.54	\$2.41	\$37,347	2.3	89.1	153.4	11.9
2014	64,609	196	84.9	26.7	94	\$0.56	\$2.55	\$38,471	2.8	93.8	160.2	10.6
2015	64,827	240	85.0	26.8	110	\$0.58	\$2.70	\$39,277	3.3	96.9	167.6	9.5
2016	65,094	281	85.1	26.9	132	\$0.61	\$2.85	\$40,005	3.2	99.1	174.3	8.5
2017	65,296	229	85.2	26.9	154	\$0.64	\$2.97	\$40,636	2.4	100.5	180.3	8.2
2018	65,494	216	85.5	27.1	127	\$0.66	\$3.10	\$41,245	2.3	101.3	186.8	8.0
2019	65,707	229	85.8	27.2	139	\$0.69	\$3.23	\$41,869	2.4	101.9	193.2	7.8
2020	65,951	261	86.1	27.3	143	\$0.72	\$3.36	\$42,426	2.3	102.5	199.9	7.8
2021	66,252	311	86.6	27.4	129	\$0.74	\$3.50	\$42,948	2.5	103.2	206.6	7.9
2022	66,575	333	87.0	27.5	132	\$0.77	\$3.66	\$43,515	2.6	103.8	213.4	7.8
2023	66,920	352	87.5	27.6	142	\$0.80	\$3.81	\$44,067	2.5	104.6	220.9	7.7
2024	67,291	375	88.1	27.7	160	\$0.83	\$4.00	\$44,830	2.5	104.8	227.9	7.7
2025	67,678	393	88.6	27.8	148	\$0.86	\$4.19	\$45,586	2.5	104.9	235.4	7.7
2026	68,072	401	89.2	27.9	144	\$0.89	\$4.38	\$46,194	2.5	104.9	243.3	7.7
2027	68,468	408	89.7	28.0	140	\$0.93	\$4.57	\$46,749	2.5	104.8	251.7	7.7
2028	68,844	393	90.3	28.1	147	\$0.96	\$4.76	\$47,327	2.5	104.4	260.8	7.7
2029	69,197	376	90.8	28.2	144	\$1.00	\$4.97	\$47,905	2.5	104.2	270.5	7.7
2030	69,514	347	91.3	28.3	151	\$1.04	\$5.18	\$48,526	2.5	104.2	280.4	7.7
2031	69,792	315	91.9	28.4	149	\$1.09	\$5.40	\$49,148	2.5	104.3	290.5	7.7
2032	70,049	300	92.5	28.6	148	\$1.14	\$5.62	\$49,737	2.5	104.5	300.9	7.7
2033	70,279	280	93.2	28.7	146	\$1.19	\$5.86	\$50,408	2.5	104.7	311.6	7.7
2034	70,477	254	93.9	28.8	145	\$1.24	\$6.11	\$51,132	2.5	104.9	322.6	7.7
2035	70,650	235	94.6	28.9	144	\$1.29	\$6.37	\$51,877	2.5	105.1	333.9	7.7
2036	70,795	216	95.3	29.0	143	\$1.35	\$6.63	\$52,637	2.5	105.3	345.5	7.7
2037	70,925	211	96.0	29.1	142	\$1.41	\$6.91	\$53,441	2.5	105.4	357.4	7.7
2038	71,037	204	96.7	29.2	141	\$1.46	\$7.21	\$54,281	2.5	105.6	369.7	7.7
2039	71,125	192	97.4	29.3	140	\$1.52	\$7.52	\$55,150	2.5	105.8	382.3	7.7
2040	71,201	194	98.1	29.4	139	\$1.58	\$7.84	\$56,063	2.5	105.9	398.1	7.7

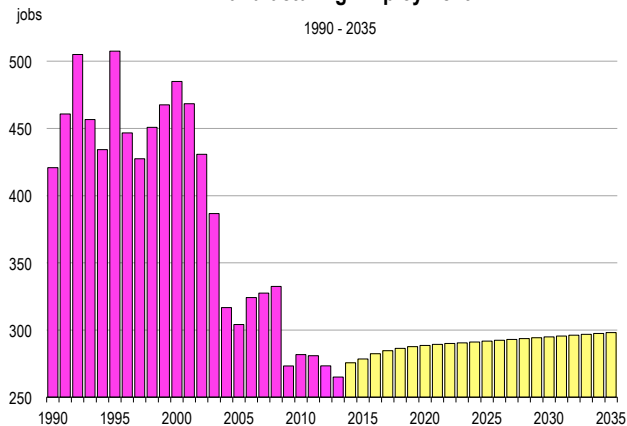


Lake County Employment Forecast

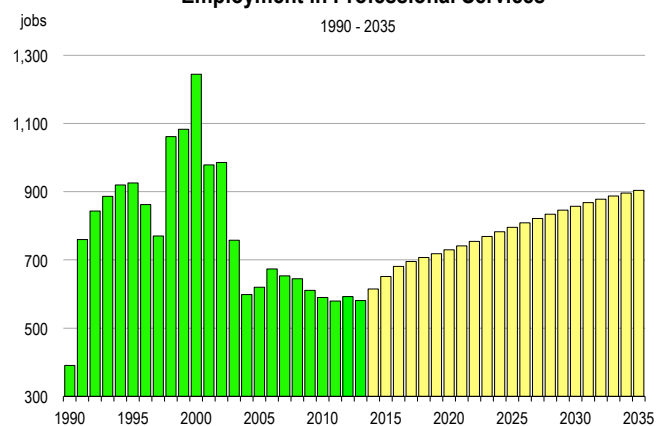
2006-2013 History, 2014-2040 Forecast

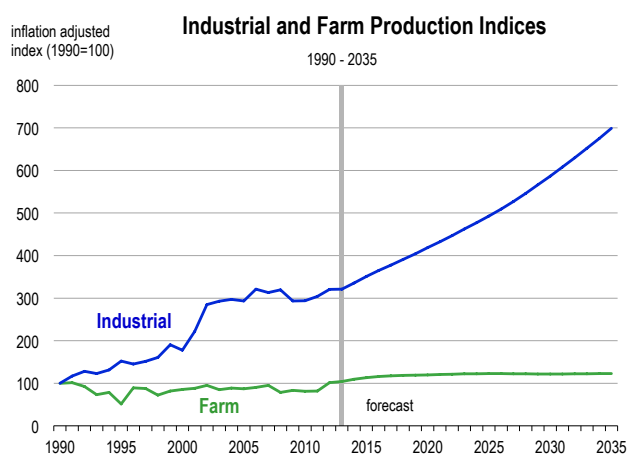
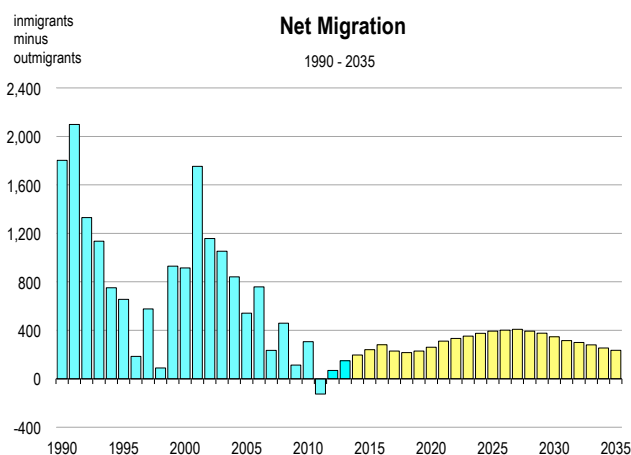
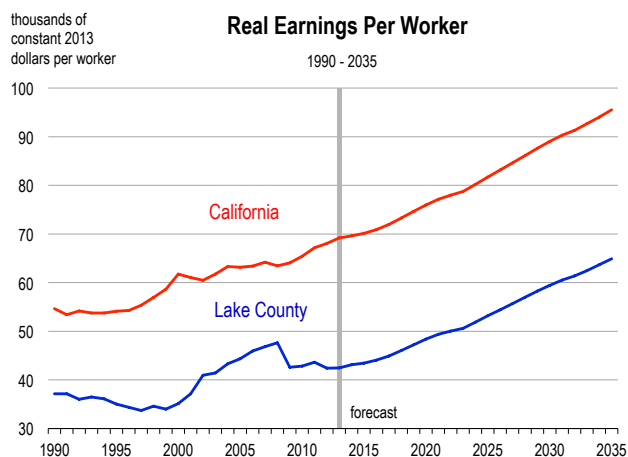
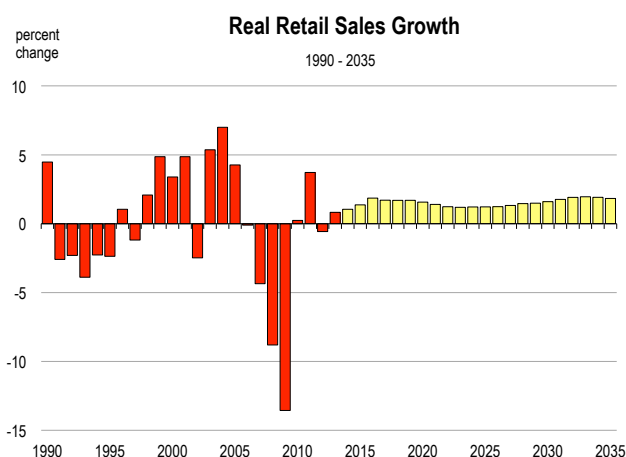
	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	14.49	0.98	0.90	0.32	0.63	2.23	0.45	0.67	0.16	2.17	1.59	4.06
2007	14.19	1.04	0.84	0.33	0.60	2.26	0.43	0.65	0.15	2.21	1.41	3.95
2008	13.94	1.00	0.68	0.33	0.57	2.24	0.40	0.65	0.14	2.20	1.33	4.09
2009	14.68	1.13	0.47	0.27	0.54	2.17	0.37	0.61	0.13	3.30	1.26	4.10
2010	14.21	1.06	0.38	0.28	0.53	2.10	0.35	0.59	0.13	3.19	1.13	4.11
2011	14.24	1.15	0.34	0.28	0.56	2.11	0.36	0.58	0.14	3.19	1.11	3.91
2012	14.57	1.12	0.36	0.27	0.59	2.10	0.37	0.59	0.15	3.43	1.11	3.95
2013	15.20	1.09	0.37	0.27	0.59	2.20	0.39	0.58	0.15	4.09	1.01	4.00
2014	15.54	1.13	0.39	0.28	0.60	2.19	0.39	0.61	0.15	4.15	1.06	4.09
2015	15.78	1.15	0.41	0.28	0.62	2.19	0.39	0.65	0.15	4.20	1.10	4.14
2016	16.00	1.16	0.43	0.28	0.63	2.20	0.40	0.68	0.15	4.24	1.14	4.18
2017	16.13	1.17	0.44	0.28	0.64	2.20	0.40	0.70	0.15	4.28	1.15	4.19
2018	16.23	1.18	0.42	0.29	0.65	2.21	0.41	0.71	0.15	4.32	1.16	4.22
2019	16.34	1.19	0.43	0.29	0.66	2.21	0.41	0.72	0.15	4.36	1.17	4.25
2020	16.43	1.19	0.44	0.29	0.67	2.22	0.41	0.73	0.15	4.40	1.17	4.25
2021	16.48	1.20	0.43	0.29	0.68	2.22	0.41	0.74	0.16	4.44	1.17	4.24
2022	16.58	1.21	0.43	0.29	0.69	2.23	0.41	0.75	0.16	4.48	1.17	4.25
2023	16.68	1.22	0.43	0.29	0.70	2.23	0.41	0.77	0.16	4.52	1.17	4.26
2024	16.78	1.23	0.45	0.29	0.71	2.24	0.41	0.78	0.16	4.55	1.17	4.27
2025	16.86	1.24	0.44	0.29	0.73	2.24	0.41	0.80	0.16	4.58	1.17	4.30
2026	16.95	1.25	0.44	0.29	0.74	2.24	0.41	0.81	0.16	4.61	1.17	4.32
2027	17.04	1.26	0.44	0.29	0.75	2.25	0.42	0.82	0.16	4.64	1.17	4.34
2028	17.13	1.27	0.44	0.29	0.76	2.25	0.42	0.83	0.16	4.67	1.17	4.37
2029	17.23	1.27	0.44	0.29	0.78	2.26	0.42	0.85	0.16	4.70	1.17	4.39
2030	17.34	1.28	0.44	0.29	0.79	2.26	0.42	0.86	0.16	4.73	1.17	4.42
2031	17.43	1.29	0.44	0.30	0.80	2.27	0.42	0.87	0.16	4.76	1.17	4.45
2032	17.53	1.30	0.44	0.30	0.81	2.28	0.42	0.88	0.16	4.78	1.17	4.48
2033	17.64	1.31	0.44	0.30	0.82	2.28	0.42	0.89	0.16	4.81	1.17	4.52
2034	17.74	1.33	0.44	0.30	0.83	2.29	0.42	0.90	0.16	4.84	1.17	4.55
2035	17.85	1.34	0.44	0.30	0.84	2.30	0.42	0.90	0.16	4.87	1.18	4.59
2036	17.96	1.35	0.44	0.30	0.86	2.30	0.42	0.91	0.16	4.89	1.18	4.64
2037	18.07	1.36	0.45	0.30	0.87	2.31	0.42	0.92	0.16	4.92	1.18	4.68
2038	18.18	1.37	0.45	0.30	0.88	2.31	0.43	0.93	0.16	4.95	1.18	4.72
2039	18.29	1.39	0.45	0.30	0.89	2.32	0.43	0.94	0.16	4.97	1.18	4.77
2040	18.40	1.40	0.45	0.30	0.90	2.32	0.43	0.94	0.16	5.00	1.18	4.82

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

Expected retail sales growth:	8.6%
Expected job growth:	5.1%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	10.7%

Expected population growth:	1.7%
Net migration to account for:	100%
Expected growth in number of vehicles:	1.0%

Demographics (2014)

Unemployment rate (April 2014):	10.2%
County rank* in California (58 counties):	37th
Working age (16-64) population:	62.6%

Population with B.A. degree or higher:	16.3%
Median home selling price (2013):	\$138,500
Median household income:	\$36,555

Quality of Life

Violent crime rate (2012):	584 per 100,000 persons
County rank* in California (58 counties):	50th
Average commute time to work (2014):	30.6 minutes

High School drop out rate (2012):	15.8%
Households at/below poverty line (2014):	16.0%

* The county ranked 1st corresponds to the lowest rate in California